



2120 L Street, NW
Suite 650
Washington, D.C. 20037
Tel. 202-263-1650
Fax. 202-776-0078
e-mail: gharris@neca.org

Gina Harrison
Senior Counsel and Director

Washington Office

June 23, 1999

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, D.C. 20554

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JUN 23 1999

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

Re: Notice of Ex Parte Meeting, Local Number
Portability Cost Recovery,
CC Docket No. 95-116

Dear Ms. Salas:

Yesterday, Robert De Broux, Director, and Mark Jenn, Manager, Federal Affairs, TDS, Pat Chirico, Executive Director, Tariffs and Rates, NECA, and I, met with Yog Varma, Deputy Chief, Common Carrier Bureau, Kris Monteith, Deputy Chief, and Janet Sievert, Senior Attorney, Competitive Pricing Division, to discuss matters outlined in the attached. In accordance with Commission Rules, I am submitting two copies of this notice. Kindly stamp the additional return copy provided. Please direct any questions regarding this filing to me.

Sincerely,

A handwritten signature in black ink, appearing to be "Gina Harrison", is written over a horizontal line.

Gina Harrison
Attachment
cc: K. Monteith
J. Sievert
Y. Varma

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Local Number Portability Talking Points

- 18 TDS TELECOM operating companies serving approximately 169,000 access lines have EAS routes to large metropolitan areas where LNP has already been deployed. These companies will incur costs but have no means for recovery under current rules.
- Based on historical EAS call volumes and the prearranged query rates of major carriers serving the adjacent metropolitan areas, TDS TELECOM is expecting to incur nearly \$650,000 in query charges on an annual basis. (See Table 1) This does not include query costs for toll traffic or funding for the regional NPACs.
- The level of query costs may not appear large compared to overall industry revenues, however, when viewed on a per line basis for the affected companies, the impact can be significant. Estimates for TDS TELECOM companies range from \$0.01-\$0.87 per line, per month for query costs for EAS traffic alone.
- Costs will continue to grow as additional markets are opened for porting.
 - ◆ Some RBOCs, (Bell Atlantic, Bell South) are deploying LNP system-wide.
 - ◆ Other 2nd and 3rd tier markets have been selected for LNP deployment.
 - ◆ Mandatory number pooling could open additional markets.
- Carriers such as Cincinnati Bell and Ameritech have already begun to bill for routing services. SBC and Bell Atlantic will begin billing in June and will include charges retroactive to 7/1/98 and 11/30/98, respectively. A few carriers continue to encounter problems capturing query counts including Bell South and US West. (See Table 2)
- TDS TELECOM, as well as other small and mid-sized carriers, is pursuing channels to minimize query costs, but these measures can only go so far.
 - ◆ ILECs may be able to perform their own queries by accessing RBOC databases.
 - ◆ Some costs may be passed through to carriers who terminate traffic via ILEC networks.
 - ◆ Potential annual savings for TDS TELECOM in the range of \$200,000-\$250,000.
- State regulators continue to be concerned about these unrecoverable costs and, through a resolution at the most recent NARUC meetings, have requested that the FCC taken action.
- Directly assigning query and NPAC costs as interstate for recovery via access charges, at least in the interim, will avert negative consequences by distributing costs across many carriers and lessening the impact to individual ILECs while having little affect on access rates.
- Numerous questions remain unresolved regarding cost recovery for Rate of Return ILECs after LNP is implemented.
 - ◆ Fewer customers over which to spread costs could lead to very high end-user charges.
 - ◆ Recovery for ongoing costs after the 5-year window for end-user charges closes.

Table 1

DETAILED QUERY COST ESTIMATES

	Annual Originating EAS Calls (A)	Query Rate (B)	Annual Query Expense (C) = (A) * (B)	Access Lines (D)	Monthly Cost Per Line (E) = (C) / (D)
TDS TELECOM Companies					
TDS Company 1	231,045 \$	0.003094 \$	714.85	1,573 \$	0.04
TDS Company 2	1,143,023 \$	0.000926 \$	1,058.44	1,679 \$	0.05
TDS Company 3	4,744,426 \$	0.003094 \$	14,679.25	3,801 \$	0.32
TDS Company 4	66,547,936 \$	0.001761 \$	117,190.92	21,817 \$	0.45
TDS Company 5	2,153,377 \$	0.001540 \$	3,316.20	2,934 \$	0.09
TDS Company 6	1,320,100 \$	0.000926 \$	1,222.41	7,203 \$	0.01
TDS Company 7	6,474,318 \$	0.003886 \$	25,159.20	5,696 \$	0.37
TDS Company 8	11,563,032 \$	0.001761 \$	20,362.50	7,126 \$	0.24
TDS Company 9	10,500,605 \$	0.001190 \$	12,495.72	9,527 \$	0.11
TDS Company 10	1,024,950 \$	0.001190 \$	1,219.69	802 \$	0.13
TDS Company 11	2,667,837 \$	0.000926 \$	2,470.42	3,454 \$	0.06
TDS Company 12	35,653,878 \$	0.004227 \$	150,708.94	14,517 \$	0.87
TDS Company 13	17,755,660 \$	0.003094 \$	54,936.01	5,982 \$	0.77
TDS Company 14	1,354,306 \$	0.003094 \$	4,190.22	2,587 \$	0.13
TDS Company 15	101,547,524 \$	0.001761 \$	178,825.19	60,617 \$	0.25
TDS Company 16	10,933,676 \$	0.003094 \$	33,828.79	10,222 \$	0.28
TDS Company 17	2,090,511 \$	0.003094 \$	6,468.04	2,306 \$	0.23
TDS Company 18	6,043,232 \$	0.003094 \$	18,697.76	7,478 \$	0.21
Subtotal for TDS Companies	283,749,436	- \$	647,544.56	169,321 \$	0.32
Other NECA Companies					
NECA Company 1	6,056,028 \$	0.003886 \$	23,533.72	4,305 \$	0.46
NECA Company 2	6,758,040 \$	0.003886 \$	26,261.74	3,830 \$	0.57
NECA Company 3	9,445,884 \$	0.003886 \$	36,706.71	9,568 \$	0.32
NECA Company 4	663,300 \$	0.001190 \$	789.33	7,073 \$	0.01
NECA Company 5	1,800,000 \$	0.001190 \$	2,142.00	8,075 \$	0.02
NECA Company 6	6,209,220 \$	0.001190 \$	7,388.97	51,272 \$	0.01
NECA Company 7	1,656,564 \$	0.001190 \$	1,971.31	1,195 \$	0.14
NECA Company 8	2,880,000 \$	0.001761 \$	5,071.68	19,970 \$	0.02

Table 2

ACTUAL QUERY COST LIABILITY FOR SELECTED COMPANIES

Companies (Access Lines)	1998		January-99		February-99		March-99		April-99		May-99		Total First Bill	
	Total Cost	Cost Per Line	Total Cost	Cost Per Line	Total Cost	Cost Per Line	Total Cost	Cost Per Line	Total Cost	Cost Per Line	Total Cost	Cost Per Line	Total Cost	Cost Per Line
Company A (4,518 Lines)	\$ 754.43	\$ 0.17	\$ 482.75	\$ 0.11	\$ 726.59	\$ 0.16	\$ 211.59	\$ 0.05	Unavailable		Unavailable		Unavailable	
Company B (472 Lines)	\$ 51.05	\$ 0.11	\$ 32.79	\$ 0.07	\$ 51.85	\$ 0.11	\$ 15.17	\$ 0.03	Unavailable		Unavailable		Unavailable	
Company C (1,720 Lines)	NA		NA		\$ 600.76	\$ 0.35	\$ 220.03	\$ 0.13	Unavailable		Unavailable		Unavailable	
Company D (2817 Lines)	NA		NA		\$ 281.80	\$ 0.10	\$ 104.60	\$ 0.04	Unavailable		Unavailable		Unavailable	
Sub-Total for A-D (9,527 Lines)	\$ 805.48	\$ 0.16	\$ 515.54	\$ 0.10	\$ 1,660.99	\$ 0.17	\$ 551.39	\$ 0.06	\$ 981.22	\$ 0.10	\$ 1,041.31	\$ 0.11	\$ 5,555.94	\$ 0.58
Company E (802 Lines)	\$ 650.24	\$ 0.81	\$ 113.95	\$ 0.14	\$ 32.17	\$ 0.04	\$ 121.10	\$ 0.15	\$ 96.60	\$ 0.12	\$ 103.99	\$ 0.13	\$ 1,118.05	\$ 1.39
Company F (2,934 Lines)	NA		NA		\$ 67.15	\$ 0.02	\$ 276.35	\$ 0.09	\$ 262.53	\$ 0.09	Unavailable		\$ 606.03	\$ 0.21
Totals (13,263 Lines)	\$ 1,455.72	\$ 0.29	\$ 629.49	\$ 0.13	\$ 1,760.31	\$ 0.13	\$ 948.84	\$ 0.07	\$ 1,340.35	\$ 0.10	\$ 1,145.30	\$ 0.11	\$ 7,280.02	\$ 0.55

NOTES

NA = Not Applicable, prior to LNP deployment in MSA.

Unavailable = Charges assessed during this period, but data not available at this time.